



Examiners' Report Principal Examiner Feedback

June 2023

Pearson Edexcel GCE AS Level
In Business (8BS0)
Paper 2 Managing Business Activities

Edexcel and BTEC Qualifications

Edexcel and BTEC qualifications are awarded by Pearson, the UK's largest awarding body. We provide a wide range of qualifications including academic, vocational, occupational and specific programmes for employers. For further information visit our qualifications websites at www.edexcel.com or www.btec.co.uk. Alternatively, you can get in touch with us using the details on our contact us page at www.edexcel.com/contactus.

Pearson: helping people progress, everywhere

Pearson aspires to be the world's leading learning company. Our aim is to help everyone progress in their lives through education. We believe in every kind of learning, for all kinds of people, wherever they are in the world. We've been involved in education for over 150 years, and by working across 70 countries, in 100 languages, we have built an international reputation for our commitment to high standards and raising achievement through innovation in education. Find out more about how we can help you and your students at: www.pearson.com/uk

June 2023

Publications Code 8BS0_02_2306_ER

All the material in this publication is copyright

© Pearson Education Ltd 2023

8BS0/02 Examiners' Report 2023

Introduction:

This report provides feedback on 8BS02 'Managing Business Activities', the second paper which comprises the AS Level qualification in Business. This report should be used by centres to provide teachers and students with guidance as to how to approach the various question types going forward. It could be used to fine-tune the approach used by candidates to answer the questions. This Examiners' Report will not contain any exemplars of candidate performance, but will highlight common areas of misunderstanding, mistakes, and places where teachers and candidates can make some easy gains in terms of performance in 2024.

Question 1(a):

Candidates generally answered this question very well, and a clear majority of candidates were able to provide an accurate definition of 'fixed costs'. The mistakes that were made by candidates were to offer a definition that simply referred to 'price not changing' as opposed to 'costs not changing' and forgetting to relate the 'non-changing costs' to 'when output changes'. As has been recommended in the past, a definitions sheet could allow candidates to secure marks on 'What is meant by....' questions.

Question 1(b):

This was a much harder definition. The term 'overdraft' was confused with 'credit cards' and 'bank loans'. Examiners were looking for reference to 'negative cash in a business current account'. Some partial definitions scored marks which referred to it being a 'short-term source of finance'. This was not a well answered question, and again, rote learning a definitions sheet would have helped candidates immeasurably.

Question 1(c):

Candidates struggled with this question, primarily because the 'operating profit' in Extract B was negative. As a result, the negative 'operating profit' needed to be added on to find the difference, not subtracted. Therefore, many candidates scored 2 marks for demonstrating how 'gross profit' was calculated but struggled conceptually with the final 'difference' element of the calculation.

Considering 10%, of the AS qualification must test quantitative skills, the number of 'calculate' marks available on Paper 1 is indicative of the number of these marks available on Paper 2. We would advise that candidates revise formulae, and try to answer practice questions of these kinds.

Question 1(d):

This question was of the same difficulty as Question 1(c) and again only a small number of candidates scored full marks. The main stumbling block was a failure to realise that the 'operating profit' in Extract B was negative. As a result, this generated a negative operating profit margin of '-11.01%'. The most common answer was '11.01%' which scored 3 marks due to the lack of a minus sign. Revising the formula for 'operating profit margin' will enable candidates to score highly on this question.

Question 1(e):

This question was generally well answered with most candidates able to produce two benefits to Jack Wills from '...reducing the amount of buffer stock held'. The most popular answers involved a reduction in costs through the lack of a need to have storage facilities and the reduced likelihood of holding obsolete stock. Where candidates struggled was in the subsequent 'Analysis' or 'AO3' and 'Application' or 'AO2'. Often, the analysis involved a sweeping statement that missed out many intermediate stages that could have been exploited to generate further chains of logical reasoning. E.g. 'A reduction in obsolete stock leads to an increase in profit...' My question would be 'How?'. Equally, candidate answers failed to pick up on the material in Extract A which gave candidates the ability to consider the dynamic nature of fashion retailing. Answers tended to be generic, rather than linked to the Extract. Any 'Evaluation' or 'AO4' that was offered tended to be rudimentary in nature. Thus, most responses tended to be placed into Level 2.

Question 1(f):

This was reasonably well-answered. However, the crux of the question was 'working capital' and whether candidates understood what the concept meant. Some candidates thought it had something to do with working employees harder in a production line, whereas others thought it was something to do with re-locating to a capital city. Those that did understand that was a measure of liquidity did quite well, but again lack of a combined use of Extract C (Application - AO2), 'Analysis' or 'AO3' and 'Evaluation' or 'AO4' hampered the ability for candidates to move up the level descriptors. Most candidates scored a mark in Level 2 or Level 3.

Question 2(a):

Most candidates scored 2 marks on this question by recognising that the term 'Kaizen' meant 'continuous improvement' or by articulating something similar such as 'small gains in productivity' (1 mark) 'every year instead of all at once' (1 mark). Candidates who confused 'Kaizen' with 'waste minimisation' or some form of motivational strategy to use with employees scored 0 marks.

Question 2(b):

Most candidates wrote an answer which scored 1 mark by referring to '...profits saved up', which although not technically correct, was allowed at the Standardisation Meeting. The second element of the definition came from '...profits being re-invested into the business'. If a candidate articulated both elements of the definition, then 2 marks were awarded.

Hopefully, centres can see the significant value in a definition list that candidates can simply rote learn. The simple rule to follow is that if a full and accurate definition is provided, 2 marks are awarded, whereas partial understanding generates a 1 mark outcome.

Question 2(c):

Responses to this question indicated that a significant number of candidates were unfamiliar with a bar gate stock diagram. The correct response should have been a simple aggregation of the vertical lines at the time point of delivery A (2,200 rotor blades) and then delivery B (1,800 rotor blades) to result in a total delivery of 4,000 rotor blades. Those candidates that had encountered bar gate stock graphs before scored the 4 marks. Those that had not scored 0 marks. Therefore, there were very few candidates that got this question partially correct. It proved to be a real discriminator between candidates.

Question 2(d):

This was a poorly answered question for two reasons. Lack of understanding as to what was meant by 'capacity utilisation' and lack of Application (AO2). An 'Explain how...' question is marked 1 x AO1, 2 x AO2 and 1 x AO3. Thus, without two definitive strands of Application (AO2) that help answer the question, candidates limited themselves to a maximum of two marks. Writing a generic answer limited candidates' ability to achieve full marks. The other problem was down to a lack of understanding. 'Capacity utilisation' is the total output produced as a percentage of the total potential output. Many candidates just simply assumed production was increasing, therefore more units were sold and profit would then rise, without explaining the specifics of 'capacity utilisation'. Ultimately, these candidates turned the question into one about 'increased production' and not 'capacity utilisation'. A minority of candidates thought 'capacity utilisation' was a term connected with '...extending the size of the factory'.

Question 2(e):

This question tended to be reasonably well answered. Most candidates focused on the benefits of 'limited liability' to shareholders, but struggled to apply this point to the Extract, develop it, and then evaluate it. The second benefit was more problematic. Many candidates failed to generate something which was realistic and not contrived. The most popular second benefit was the fact that the shareholding was restricted to '...invited shareholders', but once again lack of evidence of the other assessment objectives within responses held candidates back. Like the equivalent question in Section A, most answers were placed in Level 2.

Question 2(f):

This was a poorly answered question with many candidates not really understanding what was meant by the term 'lean production'. Some thought it was a hybrid production method that incorporated elements of 'job', 'batch' and 'flow' production, with very few candidates focusing on the minimisation of waste/unit costs whilst maintaining a given level of product quality. Other candidates turned the question into one about how to motivate employees and as a result failed to answer the question. Again, there tended to be a lack of use of Extract C to support answers and a lack of sufficient 'Analysis' or 'AO3' and 'Evaluation' or 'AO4'. Most responses were placed in Level 2.

Question 3:

This question was answered to a reasonable level. Most candidates could write something sensible about the pros and cons of both 'stock market flotation' and 'loan capital'. The main issue tended to be a problem with 'Analysis' or 'AO3'. Candidates tended to make assertions and not develop chains of reasoning within their responses. E.g. '...bank loans involve interest, which means less profit is being made'. This could have been re-engineered to include many more chains of 'Analysis (AO3)' through '...bank loans require interest to be paid. As a result, this increases the fixed cost burden. Therefore, the current level of contribution will not cover this higher level of fixed costs. Thus, Deliveroo may fall further below its breakeven point, and struggle to get closer to making a profit'. This is just an example of what could be done to improve 'Analysis (AO3)' and no attempt has been made to include any 'Application (AO2)' or 'Evaluation (AO4)' within the examiner-generated segment articulated.

Another barrier to performance tended to be the over-use of Extract E as being the root source of a candidates' answer and the use of common-sense business understanding. A minority of candidates also took the approach of describing a 'bank loan' or stock market flotation' and then deviating off into what the finance could be spent on and how that benefitted 'Deliveroo'. Thus, a proportion of responses deviated from the set question.

Paper Summary:

Based on the exemplars that have been seen by the Principal Examiner, centres and candidates are offered the following advice for 2024:

- Learn the key terms in the specification. This could account for as much as 10% of the marks available on the paper.
- Learn the formulae in the specification and set out 'calculate' questions clearly. Across 8BS01 and 8BS02 10% of the marks available must be based on quantitative skills.
- In 'explain how' questions recognise that 2 of the 4 marks available are for Application (AO2).
- Recognise that 8 mark 'Assess two...' questions do not require a conclusion.
- Recognise that 20 mark 'choice' questions will test understanding over both themes (8BS01 and 8BS02), since these questions are synoptic in nature.
- Develop their understanding of the random response technique.

